



**THOMAS L. GARTHWAITE, M.D.**  
Director and Chief Medical Officer

**FRED LEAF**  
Chief Operating Officer

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES  
313 N. Figueroa, Los Angeles, CA 90012  
(213) 240-8101

BOARD OF SUPERVISORS

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March 4, 2004

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFER OF SETTLEMENT  
(ALL DISTRICTS AFFECTED - 3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

Authorize the Director of Health Services or his designee to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts for patients who received medical care at a County facility:

(1) Account Number - 2133189	\$246,369
(2) Account Number - 4403699	\$ 27,000
(3) Account Numbers - 4451595, 4633909, 437449	\$110,000
(4) Account Number - 7822360	\$ 12,000

**PURPOSE OF THE RECOMMENDED ACTION:**

The compromise offers of settlement for patient accounts (1) and (2) are recommended because the amounts are the highest amounts that could be negotiated with the patients' insurance (Commercial or HMO) under the circumstances of the case, and receipt of such insurance proceeds prevent further collection from the patients, except for possible beneficiary coinsurance or deductible obligations. The compromise offers of settlement for patient accounts (3) and (4) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amounts the Department will be able to receive under the tort settlement involved in these cases.

**JUSTIFICATION:**

The best interests of the County would be served by the approval of these compromises since it will enable DHS to maximize net revenue on these accounts.

**FISCAL IMPACT:**

This will expedite the County's recovery of partial payment totaling approximately 395,369.

**FINANCING:**

Not applicable.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS:**

On January 8, 2002 the Board approved an ordinance granting the Director of Health Services (Director) authority to reduce patient account liabilities when in the best interest of the County. The ordinance was adopted by the Board on January 15, 2002.

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50% of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

The compromise of these accounts is not within the Director's authority, so the Director is requesting Board approval of these compromises.

Several of the compromises involve tort settlements. Typically, recoveries in tort settlements are divided into thirds – one third each to the plaintiff (patient), attorney, and lien holder(s), although the final result is always the product of negotiation. The County may therefore receive a higher or lower percentage depending on the circumstances of the case. Factors that affect the County's percentage include the number of other lien holders and the contractual agreement between the plaintiff and the lawyer.

**CONTRACTING PROCESS:**

Not applicable.

**IMPACT ON CURRENT SERVICES (OR PROJECTS):**

Maximizing net revenues on these accounts will help DHS to meet its budgeted revenue amounts.

When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,



Thomas L. Garthwaite, M.D.  
Director and Chief Medical Officer

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Attachments

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1  
DATE: March 4, 2004

<b>Total Charges</b>	\$351,956	<b>Account Number</b>	2133189
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient
<b>Balance Due</b>	\$351,956	<b>Date of Service</b>	11/09/03-01/23/04
<b>Compromise Amount Offered</b>	\$246,369	<b>% Of Settlement</b>	70% of Gross Charges
<b>Amount to be Written Off</b>	\$105,587	<b>Facility</b>	RLA/National Rehabilitation Center

### JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No.2  
DATE: March 4, 2004

<b>Total Charges</b>	\$68,239	<b>Account Number</b>	4403699
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient
<b>Balance Due</b>	\$68,239	<b>Date of Service</b>	09/26/01-10/03/01
<b>Compromise Amount Offered</b>	\$27,000	<b>% Of Settlement</b>	40% of Gross Charges
<b>Amount to be Written Off</b>	\$41,239	<b>Facility</b>	H/UCLA Medical Center

### JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3  
DATE: March 4, 2004

<b>Total Charges</b>	\$218,285	<b>Account Number</b>	4451591,4693909,4537449
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient
<b>Balance Due</b>	\$218,285	<b>Dates of Service</b>	10/28/01-11/19/01 01/17/02-01/20/02 03/31/02-04/03/02
<b>Compromise Amount Offered</b>	\$110,000	<b>Facility</b>	H/UCLA Medical Center
<b>Amount to be Written Off</b>	\$108,285		

## JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at H/UCLA and incurred total inpatient charges of \$218,285 for medical services rendered.

The patient's third-party claim has been settled for \$375,000 and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Attorney fees</b>	\$140,698	\$140,698	38%
<b>H/UCLA</b>	\$218,285	\$110,000	29%
<b>Other Lien Holders</b>	\$77,964	\$46,504	12%
<b>Net to Patient</b>		\$77,798	21%
<b>Total</b>		\$375,000	100.0%

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to H/UCLA.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4  
DATE: March 4, 2004

<b>Total Charges</b>	\$30,410	<b>Account Number</b>	7822360
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient
<b>Balance Due</b>	\$30,410	<b>Dates of Service</b>	05/12/02-05/17/02
<b>Compromise Amount Offered</b>	\$12,000	<b>Facility</b>	LAC+USC Medical Center
<b>Amount to be Written Off</b>	\$18,410		

### JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC and incurred total inpatient charges of \$30,410 for medical services rendered.

The patient's third-party claim has been settled for \$70,000 and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Attorney fees *</b>	\$28,000	\$28,000	40%
<b>LAC+USC</b>	\$30,410	\$12,000	17%
<b>Other Lien Holders **</b>	\$26,418	\$17,601	25%
<b>Net to Patient</b>		\$12,399	18%
<b>Total</b>		\$70,000	100.0%

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to LAC+USC.

\* Cost of \$1,078.5 waived by attorney. Case settle after suit was filed.

\*\* Includes \$16,600 reimbursement to the State's Victim Compensation and Government Claim Board for payments to other medical care providers. The state allows only a 25% discount.